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FLETCHER & SIPPEN LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208

ENTERED
Office of Proceedings
May 13, 2022
Part of
Public Record

Phone: (312) 252-1500
Fax: (312) 252-2400
www.fletcher-sippel.com

ROBERT A. WIMBISH

(312) 252-1504
rwimbish@fletcher-sippel.com

May 13, 2022

VIA ELECTRONIC FILING

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Room 1034
Washington, DC 20006

Re: **FD 36595**
Watco Holdings, Inc. — Continuance in Control Exemption —
Texas Coastal Bend Railroad, L.L.C.

Dear Ms. Brown:

Attached for filing in the above-captioned proceeding is a **Verified Notice of Exemption of Continuance in Control of Watco Holdings, Inc.** pursuant to 49 C.F.R. Part 1180, subpart A. Payment of the applicable filing fee has been tendered electronically with this filing via Pay.gov.

If you have any questions regarding this filing, please contact me at either rwimbish@fletcher-sippel.com or (312) 252-1504. Thank you for your assistance on this matter.
Kind regards.

Respectfully submitted,



Robert A. Wimbish
Attorney for Watco Holdings, Inc.

Attachment

FILED
May 13, 2022
SURFACE
TRANSPORTATION BOARD

FEE RECEIVED
May 13, 2022
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36595

WATCO HOLDINGS, INC.
— CONTINUANCE IN CONTROL EXEMPTION —
TEXAS COASTAL BEND RAILROAD, L.L.C.

**VERIFIED NOTICE OF EXEMPTION OF
WATCO HOLDINGS, INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Robert A. Wimbish
Bradon J. Smith
Fletcher & Sippel LLC
29 North Wacker Drive Suite
800
Chicago, Illinois 60606-3208
(312) 252-1500
rwimbish@fletcher-sippel.com

**ATTORNEYS FOR
WATCO HOLDINGS, INC.**

Dated: May 13, 2022

BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36595

WATCO HOLDINGS, INC.
— CONTINUANCE IN CONTROL EXEMPTION —
TEXAS COASTAL BEND RAILROAD, L.L.C.

**VERIFIED NOTICE OF EXEMPTION OF
WATCO HOLDINGS, INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Watco Holdings, Inc. (“Watco”), a non-carrier holding company, hereby files this notice of exemption under 49 C.F.R. § 1180.2(d)(2) to continue in control of the Texas Coastal Bend Railroad, L.L.C. (“TCBR”). Watco seeks the authority in anticipation of TCBR’s commencement of common carrier operations over the railroad line (the “Line”) that is the subject of TCBR’s concurrently-filed Change in Operator Verified Notice of Exemption in FD 36595, *Texas Coastal Bend Railroad, L.L.C. — Change of Operators Exemption — Railroad Line in Nueces County, Tex.*

The Line over which TCBR intends to commence common carrier operations does not connect with any lines of Watco’s 43 existing rail carriers, and this control transaction is not part of a series of anticipated transactions that would result in such a connection. Nor does this proposed control transaction involve a Class I carrier. Accordingly, Watco’s proposed continuance in control of TCBR satisfies the class exemption criteria of 49 C.F.R. § 1180.2(d)(2).

In accordance with the requirements of 49 C.F.R. § 1180.4(g), Watco submits the following information:

Description of Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)

Watco is a non-carrier holding company which currently controls 1 Class II rail carrier and 42 Class III rail carriers listed in the Appendix to this Notice.¹

TCBR, a new non-carrier entity established, and controlled, by Watco, will operate the subject Line. None of the rail lines of Watco's existing rail carrier holdings will connect with TCBR, and this control transaction is not part of a series of anticipated transactions that would result in such an inter-connection. Watco seeks to continue in control of TCBR and Watco's existing rail carrier subsidiaries once TCBR commences common carrier operations over the rail line subject to the FD 36594 class exemption proceeding.

The full name and address of the Applicant herein is:

Watco Holdings, Inc.
315 West 3rd Street
Pittsburg, Kansas 66762

Any questions concerning this Notice should be sent to Watco's representative at the following address:

Bradon J. Smith
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208
(312) 252-1500
bsmith@fletcher-sippel.com

¹ The published notice in *Watco Holdings, Inc. — Continuance in Control Exemption — Verdigris Southern Railroad, L.L.C.*, FD 36572 (STB served Jan. 21, 2022) identifies Watco's control of 40 Class III carriers and 1 Class II carrier as of the date of that filing. Since then, Watco has continued in its control of carriers Verdigris Southern Railroad, L.L.C. (*Id.*) and Fox Valley & Lake Superior Rail System, L.L.C. (*Watco Holdings, Inc. — Continuance in Control Exemption — Fox Valley & Lake Superior Rail System*, FD 36506 (STB served Dec. 20, 2021)) resulting in 42 Class III carriers and 1 Class II carrier(s) currently under Watco's control.

Proposed Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)

Watco intends to consummate the proposed transaction upon the effectiveness of the change in operator notice of exemption that is the subject of the FD 36594 proceeding, in keeping with 49 C.F.R. § 1180.4(g)(1).

Purpose Sought to Be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)

The subject exemption will allow Watco to continue to exercise common control of its existing rail carrier subsidiaries and TCBR. In turn, the control exemption will allow TCBR to proceed with its plans to commence common carrier operations over the Line pursuant to the FD 36594 class exemption.

States in Which Property of Applicants is Located: 49 C.F.R. § 1180.6(a)(5)

Watco is a non-carrier holding company. It does not directly own any rail property. TCBR will acquire and operate rail property in Texas. Watco's existing rail carrier subsidiaries operate rail property located in 28 states, as listed in the Appendix.

Maps - Exhibits A and B: 49 C.F.R. § 1180.6(a)(6)

Attached as Exhibit A is map of the rail line TCBR will operate. A system map generally showing the location of Watco's existing rail carrier subsidiaries in the United States is attached as Exhibit B.

Agreement: 49 C.F.R. § 1180.6(a)(7)(ii)

Watco already controls TCBR, a non-carrier. No agreement is contemplated or necessary for Watco to continue in control of TCBR once TCBR commences common carrier operations.

Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)

A non-carrier continuing in control of a Class III carrier does not implicate labor protective conditions. 49 U.S.C. § 11326(c).

Environmental and Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

Under 49 C.F.R. § 1105.6(c)(2)(i) and (ii), the proposed control transaction is exempt from environmental reporting requirements. Watco's continuance in control of TCBR will not result in changes that exceed the 49 C.F.R. § 1105.7(e)(4) or (5) thresholds.

Under 49 C.F.R. § 1105.8(b)(3), the proposed continuance in control also is exempt from historic preservation reporting requirements. The control transaction will not substantially change the level of maintenance of any railroad property.

Interchange Commitments: 49 C.F.R. § 1180.4(g)(4)

The continuance in control does not involve the acquisition or operation of a rail line, and thus the provisions of 49 C.F.R. § 1180.4(g)(4) are not applicable. In any event, the FD 36594 change in operator transaction related to the present control exemption does not include a provision restricting TCBR's interchange of traffic with a third-party connecting carrier.

Respectfully submitted,

A handwritten signature in black ink that reads "Robert A. Wimbish". The signature is written in a cursive style with a small flourish at the end.

Robert A. Wimbish
Bradon J. Smith
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208
(312) 252-1500

**ATTORNEYS FOR
WATCO HOLDINGS, INC.**

Dated: May 13, 2022

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 36595

**WATCO HOLDINGS, INC.
— CONTINUANCE IN CONTROL EXEMPTION —
TEXAS COASTAL BEND RAILROAD, L.L.C.**

APPENDIX

**WATCO-CONTROLLED CARRIERS AND
STATES OF OPERATION**

Class II Carriers

Wisconsin & Southern Railroad, L.L.C. [Illinois, Wisconsin] (WSOR)

Class III Carriers

Alabama Southern Railroad, L.L.C. [Alabama, Mississippi] (ABS)
Alabama Warrior Railway, L.L.C. [Alabama] (ABWR)
Ann Arbor Railroad, Inc. [Michigan, Ohio] (AA)
Arkansas Southern Railroad, L.L.C. [Arkansas, Oklahoma] (ARS)
Austin Western Railroad, L.L.C. [Texas] (AWRR)
Autauga Northern Railroad, L.L.C. [Alabama] (AUT)
Baton Rouge Southern Railroad, L.L.C. [Louisiana] (BRS)
Birmingham Terminal Railway, L.L.C. [Alabama] (BHRR)
Blue Ridge Southern Railroad, L.L.C. [North Carolina] (BLU)
Bogalusa Bayou Railroad, L.L.C., also d/b/a Geaux Geaux Railroad [Louisiana]² (GOGR)
Boise Valley Railroad, L.L.C. [Idaho] (BVRR)
Cicero Central Railroad, L.L.C. [Illinois] (CERR)
Decatur & Eastern Illinois Railroad, L.L.C. [Illinois, Indiana] (DREI)
Dutchtown Southern Railroad, L.L.C. [Louisiana] (DUSR)
Eastern Idaho Railroad, L.L.C. [Idaho] (EIRR)
Elwood Joliet & Southern Railroad, L.L.C. [Illinois] (EJSR)
Fox Valley & Lake Superior Rail System, L.L.C. [Wisconsin] (FOXY)
Grand Elk Railroad, Inc. [Indiana, Michigan] (GDLK)
Great Northwest Railroad, L.L.C. [Idaho, Washington] (GRNW)
Ithaca Central Railroad, L.L.C. [New York, Pennsylvania] (ITHR)
Jacksonville Port Terminal Railroad, L.L.C. [Florida] (JXPT)
Kanawha River Railroad, L.L.C. [Ohio, West Virginia] (KNWA)
Kansas & Oklahoma Railroad, L.L.C. [Colorado, Kansas]³ (KO)
Kaw River Railroad, L.L.C. [Kansas, Missouri] (KAW)
Louisiana Southern Railroad, L.L.C. [Louisiana] (LAS)
Lubbock and Western Railway, L.L.C. [Texas] (LBWR)
Mission Mountain Railroad, L.L.C. [Montana] (MMT)
Mississippi Southern Railroad, L.L.C. [Mississippi] (MSR)
Palouse River & Coulee City Railroad, L.L.C. [Idaho, Oregon, Washington] (PCC)
Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway [Texas] (PVS)
Pennsylvania Southwestern Railroad, L.L.C. [Pennsylvania] (PSWR)

² A portion of the Bogalusa Bayou Railroad, L.L.C. operations (conducted under the d/b/a Geaux Geaux Railroad) are shown on the system map attached as Exhibit B under the acronym GOGR).

³ Kansas & Oklahoma Railroad, L.L.C. (“K&O”) operates over a line of railroad in Colorado owned by a third party (Colorado Pacific Railroad, LLC – “Colorado Pacific”) pursuant to *Kansas & Oklahoma Railroad, LLC – Operation Exemption – Colorado Pacific Railroad, LLC*, FD 36310 (STB served June 14, 2019) (“*K&O – Operation Exemption*”). The line over which K&O operates pursuant to *K&O – Operation Exemption* is shown on the system map supplied as Exhibit B under the acronym CXR. However, to be clear, the CXR annotation designates Colorado Pacific line ownership, and is not intended to indicate that Colorado Pacific is a Watco-controlled rail carrier (Colorado Pacific is, and has always been, independent of Watco).

Ringneck & Western Railroad, L.L.C. [South Dakota] (RWRR)
San Antonio Central Railroad, L.L.C. [Texas] (SAC)
Savannah & Old Fort Railroad, L.L.C. [Georgia] (SVHO)
South Kansas and Oklahoma Railroad, L.L.C. [Kansas, Missouri, Oklahoma] (SKOL)
Stillwater Central Railroad, L.L.C. [Oklahoma] (SLWC)
Swan Ranch Railroad, L.L.C. [Wyoming] (SRRR)
Texas and New Mexico Railway, L.L.C. [New Mexico] (TXN)
Timber Rock Railroad, L.L.C. [Louisiana, Texas] (TIBR)
Verdigris Southern Railroad, L.L.C. [Oklahoma] (VESO)
Vicksburg Southern Railroad, L.L.C. [Mississippi] (VSOR)
Yellowstone Valley Railroad, L.L.C. [Montana, North Dakota] (YSVR)

(Reporting Marks; keyed to System Map)

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EXHIBIT A

TEXAS COASTAL BEND RAILROAD, L.L.C.

MAP

FD 36595 Exhibit A Proposed TCBR Operation

KEY

UNION PACIFIC
TRACKAGE RIGHTS
TCBR PROPOSED OPERATIONS



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EXHIBIT B

WATCO SYSTEM MAP

FD 36595
Exhibit B
WATCO System Map



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FD 36595

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VERIFICATION

VERIFICATION

I, Rick D. Baden, Chief Financial Officer of Watco Holdings, Inc., verify under penalty of perjury that the foregoing notice of exemption is true and correct. Further, I certify that I am qualified and authorized to verify this notice of exemption on behalf of Watco Holdings, Inc.



Rick D. Baden

Dated: May 12, 2022